

**TOWNSHIP OF RICHMOND, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2008**

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INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Richmond, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Richmond, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township of Richmond, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Richmond, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Richmond, Michigan as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2008, on our consideration of the Township of Richmond, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Honorable Supervisor and Members of  
the Township Board of Trustees  
Richmond Township, Michigan

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 33 through 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Richmond, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statement. The combining and individual nonmajor fund financial statements, and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 19, 2008

## TOWNSHIP OF RICHMOND, MICHIGAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Richmond's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2008. Please read it in conjunction with the financial statements, which begin on page 10.

#### FINANCIAL HIGHLIGHTS

- Net assets for the Township as a whole increased by \$269,647 as a result of this year's operations. Net assets of our governmental activities increased by \$235,678 or 17 percent, and net assets of our business-type activities increased by \$33,969, or 25 percent.
- During the year, the Township had expenses for governmental activities that were \$585,472 and expenses for business type activities that were \$115,160.
- The General Fund reported a net fund balance of \$1,226,182. Net change in fund balance was \$75,617 higher than the forecasted increase of \$ -0-.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **Reporting the Township as a Whole**

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Water and Wastewater Treatment Fund is reported here.

### Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 8. The fund financial statements begin on page 12 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.
- **Proprietary funds** – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

### The Township as Trustee

The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 19. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### The Township as a Whole

Table 1 provides a summary of the Township's net assets as of March 31, 2008 and 2007.

Table 1 Net Assets						
	2008			2007		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 1,463,735	\$ 3,078	\$ 1,466,813	\$ 1,251,594	\$ 31,805	\$ 1,283,399
Capital assets, net	233,412	168,547	401,959	229,925	102,887	332,812
Total Assets	<u>1,697,147</u>	<u>171,625</u>	<u>1,868,772</u>	<u>1,481,519</u>	<u>134,692</u>	<u>1,616,211</u>
Current liabilities	29,344	2,964	32,308	26,595	-	26,595
Non-current liabilities	49,762	-	49,762	72,561	-	72,561
Total Liabilities	<u>79,106</u>	<u>2,964</u>	<u>82,070</u>	<u>99,156</u>	<u>-</u>	<u>99,156</u>
Net Assets:						
Invested in capital assets, net of related debt	170,182	168,547	338,729	146,709	102,887	249,596
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	1,447,859	114	1,447,973	1,235,654	31,805	1,267,459
Total Net Assets	<u>\$ 1,618,041</u>	<u>\$ 168,661</u>	<u>\$ 1,786,702</u>	<u>\$ 1,382,363</u>	<u>\$ 134,692</u>	<u>\$ 1,517,055</u>

Net assets of the Township's governmental activities stood at \$1,618,041. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$1,447,859.

The \$1,447,859 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$168,661. The Township can generally only use these net assets to finance continuing operations of the Water System and Sewer System operations.

Table 2 Statement of Activities						
	2008			2007		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ -	\$ 148,053	\$ 148,053	\$ -	\$ 147,985	\$ 147,985
Capital Grants and Contributions	-	-	-	4,755	-	4,755
General Revenues:						
Property taxes	707,087	-	707,087	675,437	-	675,437
State Sources	81,467	-	81,467	81,228	-	81,228
Interest and Miscellaneous	31,596	2,076	33,672	70,349	3,346	73,695
Total Revenues	<u>\$ 820,150</u>	<u>\$ 150,129</u>	<u>\$ 970,279</u>	<u>\$ 831,769</u>	<u>\$ 151,331</u>	<u>\$ 983,100</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2  
Statement of Activities

	2008			2007		
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government
<b>Program Expenses:</b>						
Legislative	\$ 2,755	\$ -	\$ 2,755	\$ 2,727	\$ -	\$ 2,727
General Services and Administration	209,730	-	209,730	204,337	-	204,337
Public Safety	131,311	-	131,311	115,336	-	115,336
Public Works	141,887	-	141,887	106,830	-	106,830
Recreation and Culture	14,811	-	14,811	27,610	-	27,610
Other	64,059	-	64,059	76,967	-	76,967
Debt Service	20,919	-	20,919	20,619	-	20,619
Capital Outlay	-	-	-	3,000	-	3,000
Water Fund	-	20,595	20,595	-	31,353	31,353
Wastewater Fund	-	94,565	94,565	-	103,762	103,762
Total Expenses	585,472	115,160	700,632	557,426	135,115	692,541
Excess (deficiency) before transfers	234,678	34,969	269,647	274,343	16,216	290,559
Transfers	1,000	(1,000)	-	-	-	-
Increase (decrease) in net assets	235,678	33,969	269,647	274,343	16,216	290,559
Net assets, beginning	1,382,363	134,692	1,517,055	1,108,020	118,476	1,226,496
Net Assets, Ending	\$ 1,618,041	\$ 168,661	\$ 1,786,702	\$ 1,382,363	\$ 134,692	\$ 1,517,055

The Township's total revenues were \$970,279. The total cost of all programs and services was \$700,632, leaving an increase in net assets of \$269,647. Our analysis below separately considers the operations of governmental and business-type activities:

### **Governmental Activities**

The net assets of the Township's governmental activities increased \$235,678 for the year ended March 31, 2008. The increase in net assets is attributable to a \$233,838 increase in Specific Ore Tax, which is based on the amount of ore mined.

### **Business-type Activities**

During the year ended March 31, 2008, the net assets of the Township's business type activities increased by \$33,969. The Township Board plans to raise the current rates to help cover the future water and sewer project costs.

### **THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 12 reported a *combined* fund balance of \$1,455,443, an increase of \$210,458 from the beginning of the year.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board did not revise the budget.

Revenues were \$107,529 more than the final amended budget. This was due to taxes being \$147,508 more than the budgeted amount of \$356,000, while State sources were \$11,887 less than the budgeted amount of \$93,354 and Other revenues were \$28,353 less than the budgeted amount.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Expenditures were \$31,912 more than the final amended budget.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal 2008 and 2007, the Township had \$401,959 and \$332,813 invested in a variety of capital assets including land, construction in progress, buildings, and other equipment. (See table 3 below)

Table 3  
Capital Assets

	2008			2007		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Totals
Land	\$ 11,150	\$ -	\$ 11,150	\$ 11,150	\$ -	\$ 11,150
Construction in progress	-	98,947	98,947	-	-	-
Land improvements	-	-	-	-	-	-
Buildings and improvements and Utility Plants	118,554	69,600	188,154	101,775	102,887	204,662
Equipment and furnishings	103,708	-	103,708	117,000	-	117,000
	<u>\$ 233,412</u>	<u>\$ 168,547</u>	<u>\$ 401,959</u>	<u>\$ 229,925</u>	<u>\$ 102,887</u>	<u>\$ 332,812</u>

#### Debt

At end of the fiscal year, the Township of Richmond, Michigan had \$63,230 in outstanding debt as depicted in Table 4 below.

Table 4  
Outstanding Debt at Year-End

	Governmental Activities – 2008	Total Primary Government – 2008
Landfill Bond	\$ 6,037	\$ 6,037
Fire Truck Lease	57,193	57,193
Total	<u>\$ 63,230</u>	<u>\$ 63,230</u>

The Township of Richmond, Michigan made principal payments of \$19,986.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budgets for year ending 2009 The Board uses an average of the last five years income and expenses as a starting point and adjusts items that we know are going to increase or decrease. We also consider any capital expenditures or main repairs that need to be made.

### CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Richmond, P.O. Box 35., Palmer, Michigan 49871.

Richmond Township, Michigan

STATEMENT OF NET ASSETS

March 31, 2008

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 1,209,711	\$ 205,571	\$ 1,415,282
Internal balances	218,023	(218,023)	-
Receivables (net)	8,478	15,530	24,008
Taxes receivable	10,716	-	10,716
Due from other units	16,807	-	16,807
<b>TOTAL CURRENT ASSETS</b>	<b>1,463,735</b>	<b>3,078</b>	<b>1,466,813</b>
Non-current assets:			
Capital assets:			
Capital assets not being depreciated	11,150	98,947	110,097
Capital assets being depreciated	222,262	69,600	291,862
Total Capital Assets	233,412	168,547	401,959
<b>TOTAL NON-CURRENT ASSETS</b>	<b>233,412</b>	<b>168,547</b>	<b>401,959</b>
<b>TOTAL ASSETS</b>	<b>1,697,147</b>	<b>171,625</b>	<b>1,868,772</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	-	2,964	2,964
Accrued liabilities	8,292	-	8,292
Deferred revenue	-	-	-
Current portion of bonds payable	21,052	-	21,052
Other current liabilities	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>29,344</b>	<b>2,964</b>	<b>32,308</b>
Non-current Liabilities:			
Compensated absences	7,584	-	7,584
Bonds payable	42,178	-	42,178
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>49,762</b>	<b>-</b>	<b>49,762</b>
<b>TOTAL LIABILITIES</b>	<b>79,106</b>	<b>2,964</b>	<b>82,070</b>
<b>NET ASSETS</b>			
Invested in capital assets net of related debt	170,182	168,547	338,729
Restricted for:			
Debt Service	-	-	-
Unrestricted	1,447,859	114	1,447,973
<b>TOTAL NET ASSETS</b>	<b>\$ 1,618,041</b>	<b>\$ 168,661</b>	<b>\$ 1,786,702</b>

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2008

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
Legislative	\$ 2,755	\$ -	\$ -	\$ -	\$ (2,755)	\$ -	\$ (2,755)
General services and administration	209,730	-	-	-	(209,730)	-	(209,730)
Public safety	131,311	-	-	-	(131,311)	-	(131,311)
Public works	141,887	-	-	-	(141,887)	-	(141,887)
Recreation and culture	14,811	-	-	-	(14,811)	-	(14,811)
Other	64,059	-	-	-	(64,059)	-	(64,059)
Debt Service	20,919	-	-	-	(20,919)	-	(20,919)
Capital Outlay	-	-	-	-	-	-	-
Total Governmental Activities	585,472	-	-	-	(585,472)	-	(585,472)
Business Type Activities:							
Water Fund	20,595	53,820	-	-	-	33,225	33,225
Wastewater Fund	94,565	94,233	-	-	-	(332)	(332)
Total Business Type Activities	115,160	148,053	-	-	-	32,893	32,893
TOTAL PRIMARY GOVERNMENT	\$ 700,632	\$ 148,053	\$ -	\$ -	(585,472)	32,893	(552,579)
General Revenues:							
Taxes					707,087	-	707,087
Unrestricted State sources					81,467	-	81,467
Interest and investment earnings					19,812	2,076	21,888
Miscellaneous					11,784	-	11,784
Transfers					1,000	(1,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					821,150	1,076	822,226
CHANGE IN NET ASSETS					235,678	33,969	269,647
Net assets, beginning of year					1,382,363	134,692	1,517,055
NET ASSETS, END OF YEAR					\$ 1,618,041	\$ 168,661	\$ 1,786,702

The accompanying notes are an integral part of these financial statements.

**Richmond Township, Michigan**

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2008

	<b>General Fund</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Non-Major Water &amp; Sewer Improvement Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 862,699	\$ 160,892	\$ 185,119	\$ 1,001	\$ 1,209,711
Receivables	2,750	-	-	-	2,750
Taxes Receivable	7,618	1,268	1,830	-	10,716
Due from other units	16,807	-	-	-	16,807
Due from other funds	347,943	1,436	1,907	-	351,286
<b>TOTAL ASSETS</b>	<u>1,237,817</u>	<u>163,596</u>	<u>188,856</u>	<u>1,001</u>	<u>1,591,270</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES:</b>					
Accounts payable	-	-	-	-	-
Due to other funds	3,343	-	124,192	-	127,535
Accrued payroll and related	8,292	-	-	-	8,292
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>11,635</u>	<u>-</u>	<u>124,192</u>	<u>-</u>	<u>135,827</u>
<b>FUND BALANCE:</b>					
Unreserved:	<u>1,226,182</u>	<u>163,596</u>	<u>64,664</u>	<u>1,001</u>	<u>1,455,443</u>
<b>TOTAL FUND BALANCE</b>	<u>1,226,182</u>	<u>163,596</u>	<u>64,664</u>	<u>1,001</u>	<u>1,455,443</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,237,817</u>	<u>\$ 163,596</u>	<u>\$ 188,856</u>	<u>\$ 1,001</u>	<u>\$ 1,591,270</u>

The accompanying notes are an integral part of these financial statements.

**Richmond Township, Michigan**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

March 31, 2008

<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 1,455,443</b>
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*Amounts reported for governmental activities in the statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

<u>233,412</u>
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Long-term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Current portion of bonds payable  
Compensated absences  
Bonds payable

21,052

7,584

<u>42,178</u>
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<u>(70,814)</u>
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**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

<u><u>\$ 1,618,041</u></u>
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The accompanying notes are an integral part of these financial statements.

**Richmond Township, Michigan**

**GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

For the Fiscal Year Ended March 31, 2008

	<b>General Fund</b>	<b>Road Fund</b>	<b>Fire Fund</b>	<b>Non-Major Capital Project Water &amp; Sewer Improvement Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Taxes	\$ 503,508	\$ 83,324	\$ 120,255	\$ -	\$ 707,087
Licenses and permits	2,097	-	-	-	2,097
Federal sources	-	-	-	-	-
State sources	81,467	-	-	-	81,467
Charges for services	-	-	-	-	-
Interest	17,964	880	967	1	19,812
Other	9,647	-	40	-	9,687
<b>TOTAL REVENUES</b>	<b>614,683</b>	<b>84,204</b>	<b>121,262</b>	<b>1</b>	<b>820,150</b>
<b>EXPENDITURES:</b>					
Current operations:					
Legislative	2,755	-	-	-	2,755
General services and administration	224,266	-	-	-	224,266
Public safety	55,344	-	50,707	-	106,051
Public works	161,873	-	-	-	161,873
Recreation and culture	30,769	-	-	-	30,769
Other	64,059	-	-	-	64,059
Debt Service	-	-	20,919	-	20,919
Capital outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>539,066</b>	<b>-</b>	<b>71,626</b>	<b>-</b>	<b>610,692</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>75,617</b>	<b>84,204</b>	<b>49,636</b>	<b>1</b>	<b>209,458</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	1,000	1,000
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>
<b>CHANGE IN FUND BALANCE</b>	<b>75,617</b>	<b>84,204</b>	<b>49,636</b>	<b>1,001</b>	<b>210,458</b>
Fund balance, beginning of year	1,150,565	79,392	15,028	-	1,244,985
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,226,182</b>	<b>\$ 163,596</b>	<b>\$ 64,664</b>	<b>\$ 1,001</b>	<b>\$ 1,455,443</b>

The accompanying notes are an integral part of these financial statements.

**Richmond Township, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2008

**Net Change in Fund Balances - Total Governmental Funds** **\$ 210,458**

*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 64,875	
Depreciation expense	<u>(61,388)</u>	
		3,487

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

19,986

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

1,747

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**\$ 235,678**

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2008

	Business - Type Activities Enterprise Funds Water System Fund	Business - Type Activities Enterprise Funds Wastewater System Fund	Business - Type Activities Enterprise Funds Total
<b>ASSETS:</b>			
Current Assets:			
Cash and equivalents	\$ 113,156	\$ 92,415	\$ 205,571
Accounts receivable, net	5,294	10,236	15,530
Due from other funds	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>118,450</b>	<b>102,651</b>	<b>221,101</b>
Non-current Assets:			
Construction in progress	56,344	42,603	98,947
Capital assets	97,973	665,755	763,728
Accumulated depreciation	(97,973)	(596,155)	(694,128)
<b>TOTAL NON-CURRENT ASSETS</b>	<b>56,344</b>	<b>112,203</b>	<b>168,547</b>
<b>TOTAL ASSETS</b>	<b>174,794</b>	<b>214,854</b>	<b>389,648</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	2,964	-	2,964
Water deposits payable	-	-	-
Due to other funds	5,727	212,296	218,023
Accrued interest payable	-	-	-
Current portion of long-term debt	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,691</b>	<b>212,296</b>	<b>220,987</b>
Non-current Liabilities:			
Bond payable	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>8,691</b>	<b>212,296</b>	<b>220,987</b>
<b>NET ASSETS:</b>			
Invested in capital assets net of related debt	56,344	112,203	168,547
Unrestricted	109,759	(109,645)	114
<b>TOTAL NET ASSETS</b>	<b>\$ 166,103</b>	<b>\$ 2,558</b>	<b>\$ 168,661</b>

The accompanying notes are an integral part of these financial statements.



**Richmond Township, Michigan**

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended March 31, 2008

	<b>Business - Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water System Fund</b>	<b>Wastewater System Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>			
Charges for services (net)	\$ 53,795	\$ 94,233	\$ 148,028
Other operating revenue	25	-	25
<b>TOTAL OPERATING REVENUES</b>	<b>53,820</b>	<b>94,233</b>	<b>148,053</b>
<b>OPERATING EXPENSES:</b>			
Operating expenses	20,595	61,278	81,873
Depreciation	-	33,287	33,287
<b>TOTAL OPERATING EXPENSES</b>	<b>20,595</b>	<b>94,565</b>	<b>115,160</b>
<b>OPERATING INCOME (LOSS)</b>	<b>33,225</b>	<b>(332)</b>	<b>32,893</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Investment income	1,171	905	2,076
Interest expense	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>1,171</b>	<b>905</b>	<b>2,076</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>34,396</b>	<b>573</b>	<b>34,969</b>
<b>TRANSFERS IN/(OUT)</b>	<b>(500)</b>	<b>(500)</b>	<b>(1,000)</b>
<b>CHANGE IN NET ASSETS</b>	<b>33,896</b>	<b>73</b>	<b>33,969</b>
Net assets, beginning of year	132,207	2,485	134,692
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 166,103</b>	<b>\$ 2,558</b>	<b>\$ 168,661</b>

The accompanying notes are an integral part of these financial statements.

Richmond Township, Michigan

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2008

	Business -Type Activities Enterprise Funds		
	Water System Fund	Wastewater System Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from fees and charges for services	\$ 53,868	\$ 94,004	\$ 147,872
Other operating revenues	-	-	-
Cash payments to employees for services	(4,722)	(6,214)	(10,936)
Cash payments to suppliers for goods and services	(12,909)	(55,064)	(67,973)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>36,237</u>	<u>32,726</u>	<u>68,963</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash payments for capital assets	(56,344)	(42,603)	(98,947)
Transfer in / (out) of other funds	4,852	15,414	20,266
Interest payments	-	-	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(51,492)</u>	<u>(27,189)</u>	<u>(78,681)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	1,171	905	2,076
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>1,171</u>	<u>905</u>	<u>2,076</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(14,084)	6,442	(7,642)
Cash and cash equivalents, beginning of year	127,240	85,973	213,213
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 113,156</u>	<u>\$ 92,415</u>	<u>\$ 205,571</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 33,225	\$ (332)	\$ 32,893
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	33,287	33,287
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	48	(229)	(181)
(Increase) decrease in other current assets	-	-	-
Increase (decrease) in accounts payable	2,964	-	2,964
Increase (decrease) in accrued interest	-	-	-
<b>NET ADJUSTMENTS</b>	<u>3,012</u>	<u>33,058</u>	<u>36,070</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 36,237</u>	<u>\$ 32,726</u>	<u>\$ 68,963</u>

The accompanying notes are an integral part of these financial statements.

**Richmond Township, Michigan**

**FIDUCIARY FUNDS**

**STATEMENT OF NET ASSETS**

March 31, 2008

	<b>Tax Collection Fund</b>
<b>ASSETS:</b>	
Cash and equivalents	<u>\$ 5,728</u>
<b>TOTAL ASSETS</b>	<u>5,728</u>
<b>LIABILITIES:</b>	
Due to other funds	<u>5,728</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 5,728</u>

# TOWNSHIP OF RICHMOND, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

#### **(1) REPORTING ENTITY**

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

#### **(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Wastewater Treatment Facility is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

### **(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

#### ***Governmental Funds***

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

#### ***Capital Projects Fund***

Capital Projects Funds are used to record bond proceeds or other revenue to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

#### ***Proprietary Funds***

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

#### ***Fiduciary Funds***

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road Fund** accounts for the activity related to road improvement.
- The **Fire Fund** accounts for the activity related to the Fire Department.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- The Township reports the following major proprietary funds:
- The **Water System Fund** accounts for the management of water services, including billing, maintenance and construction.
- The **Wastewater System Fund** accounts for the management of wastewater treatment services, including billing, maintenance and construction.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

### (4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### ***Accrual***

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

#### ***Modified Accrual***

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

## FINANCIAL STATEMENT AMOUNTS

**Budgets and Budgetary Accounting** – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

## **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
  - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
  - 2. The following considerations must be reviewed in determination of transfer approvals.
    - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
    - b. Will the transfer maintain the financial integrity of the Township?
    - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Cash Equivalents and Investments** - For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

**Capital Assets** – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

**Long-Term Liabilities** – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**Property Taxes** – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

**Deferred Revenues** – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Interfund Activity** – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

## NOTE B – DEPOSITS AND INVESTMENTS:

### Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and fiduciary funds from the Statement of Net Assets:

	Primary Government	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	\$1,411,270	\$5,728	\$1,416,998
Investments	-	-	-
Restricted:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
TOTALS	<u>\$1,411,270</u>	<u>\$5,728</u>	<u>\$1,416,998</u>

### *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$1,416,998 and the bank balance was \$1,428,687. The bank balance is categorized as follows:

Amount insured by the FDIC or uncollateralized with securities held by the Township in its name	\$156,507
Amount collateralized with securities held by the pledging financial institutions trust department in the Township's name:	
Collateralized and uninsured	<u>1,272,180</u>
	<u>\$1,428,687</u>

### Investments

As of March 31, 2008, the Township did not have any investments.

## NOTE B – DEPOSITS AND INVESTMENTS (Continued):

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### *Credit Risk*

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

### *Concentration of Credit Risk*

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

## NOTE C – INTERFUND BALANCES:

The Township of Richmond, Michigan reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of inter-fund balances presented in the statements of net assets/balance sheet for governmental funds. Inter-fund transactions resulting in inter-fund receivables and payables are as follows:

		DUE TO OTHER FUNDS					
		General Fund	Fire Fund	Tax Collection Fund	Water Fund	Sewer Fund	Totals
DUE FROM OTHER FUNDS	General Fund	\$ -	\$124,192	\$5,728	\$5,727	\$212,296	\$347,943
	Road Fund	1,436	-	-	-	-	1,436
	Fire Fund	1,907	-	-	-	-	1,907
	Total	\$ 3,343	\$124,192	\$5,728	\$5,727	\$212,296	\$351,286

All balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

## NOTE D – INTERFUND TRANSFERS IN AND OUT:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

		Transfer Out To Other Funds		
Transfer In From Other Funds		Water Fund	Sewer Fund	Total Transfers In
	Water and Sewer Improvement Fund	\$ 500	\$ 500	\$ 1,000
	Total Transfers Out	\$ 500	\$ 500	\$ 1,000

## NOTE E – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
<b>GOVERNMENTAL ACTIVITIES:</b>				
Land	\$ 11,150	\$ -	\$ -	\$ 11,150
Total Capital Assets, not being depreciated	11,150	-	-	11,150
Buildings and improvements	1,081,000	44,927	-	1,125,927
Furniture and equipment	719,900	19,948	-	739,848
Total Capital Assets, being depreciated	1,800,900	64,875	-	1,865,775
<b>Less Accumulated Depreciation:</b>				
Buildings and improvements	(979,225)	(28,148)	-	(1,007,373)
Furniture and equipment	(602,900)	(33,240)	-	(636,140)
Total Accumulated Depreciation	(1,582,125)	(61,388)	-	(1,643,513)
Governmental Activities Capital Assets, Net	\$ 229,925	\$ 3,487	\$ -	\$ 233,412

Depreciation expenses for the governmental activities was charged to the following functions and activities of the primary government:

General Government	\$ 32,138
Public Safety	25,260
Recreation and Culture	3,990
Total Depreciation Expense	<u>\$ 61,388</u>

## NOTE E – CAPITAL ASSETS: (Continued)

A summary of changes in business-type activities capital assets is as follows:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	98,947	-	98,947
Total Capital Assets, not being depreciated	-	98,947	-	98,947
Investment in Treatment Facility	763,728	-	-	763,728
Buildings and improvements	-	-	-	-
Equipment	-	-	-	-
Total Capital Assets, being depreciated	763,728	-	-	763,728
Less Total Accumulated Depreciation	(660,841)	(33,287)	-	(694,128)
Business Type Activities Capital Assets, Net	\$ 102,887	\$ 65,660	\$ -	\$ 168,547

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water System	\$ -
Wastewater System	33,287
<b>Total</b>	<b>\$ 33,287</b>

## NOTE F – LONG-TERM DEBT:

### SCHEDULE OF MARQUETTE COUNTY SOLID WASTE MANAGEMENT BONDS

March 31, 2008

	November 1	May 1		
	Interest	Interest	Principal	Total
2008	\$ 79	\$ 211	\$ 2,872	\$ 3,162
2009	-	79	3,165	3,244
<b>TOTALS</b>	<b>\$ 79</b>	<b>\$ 290</b>	<b>\$ 6,037</b>	<b>\$ 6,406</b>

### SCHEDULE OF FIRE TRUCK LEASE

March 31, 2008

	May 1		
	Interest	Principal	Total
2008	\$ 2,739	\$ 18,180	\$ 20,919
2009	1,869	19,050	20,919
2010	956	19,963	20,919
<b>TOTALS</b>	<b>\$ 5,564</b>	<b>\$ 57,193</b>	<b>\$ 62,757</b>

**NOTE F – LONG-TERM DEBT: (Continued)**

	April 1, 2007	Additions	Subtractions	March 31,2008	Due Within 1 Year
<b>Governmental Activities:</b>					
Landfill Bond	\$ 8,675	\$ -	\$ 2,638	\$ 6,037	\$ 2,872
Fire Truck Lease	74,541	-	17,348	57,193	18,180
Total Governmental Activities	<u>\$ 83,216</u>	<u>\$ -</u>	<u>\$ 19,986</u>	<u>\$ 63,230</u>	<u>\$ 21,052</u>

ANNUAL MATURITY SCHEDULE			
	Landfill Bond	Fire Truck Lease	Total
2008	\$ 2,872	\$ 18,180	\$ 21,052
2009	3,165	19,050	22,215
2010	-	19,963	19,963
TOTALS	<u>\$ 6,037</u>	<u>\$ 57,193</u>	<u>\$ 63,230</u>

**NOTE G – PROPERTY TAXES:**

The Local Governmental Unit property tax is levied on each December 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31<sup>st</sup>.

Although the Local Governmental Unit 2007 ad valorem tax is levied and collectible on December 1, 2007, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2007 taxable valuation of the Local Governmental Unit totaled \$14,460,619, on which ad valorem taxes levied consisted of 5.6846 mills for the Local Governmental Unit operation purposes, 0.9916 mill for Road Services, and 1.4311 mills for Fire Department Services. These amounts are recognized in the respective fund financial statements as revenue.

**NOTE H – CONTINGENT LIABILITIES:**

Risk Management – The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

**NOTE I – PENSION TRUST FUND:**

The Township has a pension plan for all its full time employees. This plan is a defined contribution pension plan for Michigan Township Employees. Each employee shall be eligible to participate in the Plan upon attaining age 18 and not more than age 75. There is no minimum service requirement. The Township contributes 6% of the full-time employee's annual salary and 3% of the part-time employee's annual salary to the Plan. The total contribution for the year ended March 31, 2008 was \$8,800 by employees and \$9,155 for the employer.

**NOTE J – JOINT VENTURE:**Marquette County Solid Waste Management Authority

In February 1990, the Township of Richmond joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to

## NOTE J – JOINT VENTURE: (Continued)

Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is 10.16 percent. Summary financial information as of and for the fiscal year ended June 30, 2007 is as follows:

Total Assets	\$ 13,425,691
Total Liabilities	1,989,798
Total Net Assets	11,435,893
Total Operating Revenues	2,374,922
Total Operating Expenses	2,817,324
Total Joint Venture's Outstanding Debt	515,000

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

Marquette County issued the Marquette County Solid Waste System Bonds, Series 1991. These bonds are to be paid with a portion of tipping fees designated for bond repayment.

## NOTE K – VESTED EMPLOYEE BENEFITS:

Employees can earn sick leave and vacation at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation and sick days accumulated at their current rate of pay.

	Accrued Sick and Vacation
Primary Government:	
Current portion	\$ 1,896
Long-term portion	5,688
TOTAL	<u>\$ 7,584</u>

## NOTE L – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

The following activity and/or programs had excess expenditures over appropriations at March 31, 2008:

<u>Activity/Program</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Supervisor	\$ 7,200	\$ 7,517	\$ 317
Clerk	6,400	6,680	280
Treasurer	10,559	11,088	529
Township Office, Hall and Grounds	97,100	187,843	90,743
Ambulance	31,000	34,422	3,422
Zoning Board	10,000	20,922	10,922
Maintenance Department	55,000	59,373	4,373
Garbage Collection	28,000	36,623	8,623
Landfill	25,000	51,539	26,539
Library	21,900	22,375	475

Public Act 2 of 1968 provides the minimum information requirements to be established for a local unit of government's adopted budget for the General Fund and Special Revenue Funds, which includes:

- estimate of expected beginning surplus or deficit
- estimate of required expenditures
- estimate of revenues by revenue source
- estimate of amounts needed for deficiency
- estimate for contingent or emergency purposes
- estimate of expected ending surplus or deficit.

The Township of Richmond, Michigan was found to be in violation of Public Act 2 of 1968 as no budget was adopted for the Road Fund, a Special Revenue Fund, for the year ended March 31, 2008.

## NOTE M – FUND EQUITY DEFICIT BALANCES:

At March 31, 2008 the following fund had a fund equity deficit in one or more equity categories.

<u>Fund</u>	<u>Equity Deficit</u>
Business-Type Activities:	
Wastewater - Unrestricted	\$109,645

## REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION



**Richmond Township, Michigan**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 356,000	\$ 356,000	\$ 503,508	\$ 147,508
Federal Sources	-	-	-	-
State Sources	93,354	93,354	81,467	(11,887)
Fees, Permits & Licenses	2,300	2,300	2,097	(203)
Interest	17,500	17,500	17,964	464
Other Revenues	38,000	38,000	9,647	(28,353)
<b>TOTAL REVENUES</b>	<b>507,154</b>	<b>507,154</b>	<b>614,683</b>	<b>107,529</b>
<b>EXPENDITURES:</b>				
Legislative	3,100	3,100	2,755	345
General Services and Administration	134,959	134,959	224,266	(89,307)
Public Safety	41,000	41,000	55,344	(14,344)
Public Works	123,000	123,000	161,873	(38,873)
Recreation and Culture	32,900	32,900	30,769	2,131
Other	172,195	172,195	64,059	108,136
Debt service	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>507,154</b>	<b>507,154</b>	<b>539,066</b>	<b>(31,912)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>75,617</b>	<b>75,617</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>75,617</b>	<b>75,617</b>
Fund balance, beginning of year	1,150,565	1,150,565	1,150,565	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,150,565</b>	<b>\$ 1,150,565</b>	<b>\$ 1,226,182</b>	<b>\$ 75,617</b>

**Richmond Township, Michigan**

ROAD FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 83,324	\$ 83,324
Interest	-	-	880	880
Other Revenue	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	84,204	84,204
<b>EXPENDITURES:</b>				
Public Works	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	84,204	84,204
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-
<b>CHANGE IN FUND BALANCE</b>	-	-	84,204	84,204
Fund balance, beginning of year	79,392	79,392	79,392	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 79,392</u>	<u>\$ 79,392</u>	<u>\$ 163,596</u>	<u>\$ 84,204</u>

**Richmond Township, Michigan**

**FIRE FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended March 31, 2008

	<b>Budgeted Amounts</b>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 64,000	\$ 64,000	\$ 120,255	\$ 56,255
Interest	2,000	2,000	967	(1,033)
Other Revenue	-	-	40	40
<b>TOTAL REVENUES</b>	<b>66,000</b>	<b>66,000</b>	<b>121,262</b>	<b>55,262</b>
<b>EXPENDITURES:</b>				
Public Safety	61,580	61,580	50,707	10,873
Debt Service	21,000	21,000	20,919	81
Capital Outlay	56,760	56,760	-	56,760
<b>TOTAL EXPENDITURES</b>	<b>139,340</b>	<b>139,340</b>	<b>71,626</b>	<b>67,714</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(73,340)</b>	<b>(73,340)</b>	<b>49,636</b>	<b>122,976</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(73,340)</b>	<b>(73,340)</b>	<b>49,636</b>	<b>122,976</b>
Fund balance, beginning of year	15,028	15,028	15,028	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (58,312)</b>	<b>\$ (58,312)</b>	<b>\$ 64,664</b>	<b>\$ 122,976</b>

## Other Supplemental Information

**Richmond Township, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current levy	\$ 62,000	\$ 74,331	\$ 12,331
Specific ore	272,000	394,798	122,798
Delinquent property tax	3,000	7,618	4,618
Commercial forest	1,000	1,249	249
Collection fees	18,000	25,512	7,512
Other	-	-	-
Total Taxes	<u>356,000</u>	<u>503,508</u>	<u>147,508</u>
Federal Sources:	-	-	-
State Sources:			
State revenue sharing	90,000	76,511	(13,489)
Grants	-	1,602	1,602
Metro act	-	-	-
Swampland tax	3,354	3,354	-
Total State Sources	<u>93,354</u>	<u>81,467</u>	<u>(11,887)</u>
Fees, Permits & Licenses:			
Animal license	100	252	152
Zoning Fees	200	470	270
Ambulance fees	2,000	1,375	(625)
Total Fees, Permits & Licenses	<u>2,300</u>	<u>2,097</u>	<u>(203)</u>
Interest & Rentals:			
Interest income	15,000	15,774	774
Rental income	2,500	2,190	(310)
Total Interest	<u>17,500</u>	<u>17,964</u>	<u>464</u>
Other Revenues:			
Senior citizens meals	-	-	-
Library income	5,000	4,091	(909)
Landfill fee reimbursement	8,000	2,274	(5,726)
Miscellaneous other	25,000	3,282	(21,718)
Total Other Revenues	<u>38,000</u>	<u>9,647</u>	<u>(28,353)</u>
<b>TOTAL REVENUES</b>	<u>\$ 507,154</u>	<u>\$ 614,683</u>	<u>\$ 107,529</u>

**Richmond Township, Michigan**

**MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES:</b>			
<b>LEGISLATIVE:</b>			
Township Board:			
Personnel services	\$ 3,100	\$ 2,755	\$ 345
Supplies	-	-	-
Other services and charges	-	-	-
<b>TOTAL LEGISLATIVE</b>	<b>3,100</b>	<b>2,755</b>	<b>345</b>
<b>GENERAL SERVICES AND ADMINISTRATION:</b>			
Supervisor:			
Personnel services	7,200	7,517	(317)
Supplies	-	-	-
Other services and charges	-	-	-
<b>Total Supervisor</b>	<b>7,200</b>	<b>7,517</b>	<b>(317)</b>
Elections:			
Personnel services	2,700	961	1,739
Supplies	-	1,548	(1,548)
Other services and charges	-	-	-
<b>TOTAL ELECTIONS</b>	<b>2,700</b>	<b>2,509</b>	<b>191</b>
Clerk:			
Personnel services	6,400	6,680	(280)
Supplies	-	-	-
Other services and charges	-	-	-
<b>Total Clerk</b>	<b>6,400</b>	<b>6,680</b>	<b>(280)</b>
Treasurer:			
Personnel services	7,559	7,910	(351)
Supplies	3,000	3,178	(178)
Other services and charges	-	-	-
<b>Total Treasurer</b>	<b>10,559</b>	<b>11,088</b>	<b>(529)</b>
Assessor:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	10,000	8,000	2,000
<b>Total Assessor</b>	<b>\$ 10,000</b>	<b>\$ 8,000</b>	<b>\$ 2,000</b>

**Richmond Township, Michigan**

MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>Board of Review:</b>			
Personnel services	\$ 1,000	\$ 585	\$ 415
Supplies	-	-	-
Other services and charges	-	44	(44)
Total Board of Review	1,000	629	371
<b>Township Office, Hall and Grounds:</b>			
Personnel services	58,400	62,681	(4,281)
Supplies	20,000	11,281	8,719
Other services and charges	18,700	113,881	(95,181)
Total Township Office, Hall and Grounds	97,100	187,843	(90,743)
<b>TOTAL GENERAL SERVICES AND ADMINISTRATION</b>	134,959	224,266	(89,307)
<b>Public Safety:</b>			
<b>Police:</b>			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Total Police	-	-	-
<b>Ambulance:</b>			
Personnel services	16,000	17,562	(1,562)
Supplies	10,000	10,864	(864)
Other services and charges	5,000	5,996	(996)
Total Ambulance	31,000	34,422	(3,422)
<b>Zoning Board:</b>			
Personnel services	10,000	20,455	(10,455)
Supplies	-	467	(467)
Other services and charges	-	-	-
Total Zoning Board	10,000	20,922	(10,922)
<b>TOTAL PUBLIC SAFETY</b>	\$ 41,000	\$ 55,344	\$ (14,344)

# Richmond Township, Michigan

## MAJOR GOVERNMENTAL FUNDS GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>PUBLIC WORKS:</b>			
Maintenance Department:			
Personnel services	\$ 35,000	\$ 29,246	\$ 5,754
Supplies	8,000	16,084	(8,084)
Other services and charges	12,000	14,043	(2,043)
Total Maintenance Department	55,000	59,373	(4,373)
Garbage Collection:			
Personnel services	25,000	25,880	(880)
Supplies	3,000	6,080	(3,080)
Other services and charges	-	4,663	(4,663)
Total Garbage Collection	28,000	36,623	(8,623)
Landfill:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	25,000	51,539	(26,539)
Total Landfill	25,000	51,539	(26,539)
Street Lighting:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	15,000	14,338	662
Total Street Lighting	15,000	14,338	662
<b>TOTAL PUBLIC WORKS</b>	<b>123,000</b>	<b>161,873</b>	<b>(38,873)</b>
<b>Recreation and Culture:</b>			
Recreation:			
Personnel services	5,000	4,069	931
Supplies	6,000	3,159	2,841
Other services and charges	-	1,166	(1,166)
Total Recreation	11,000	8,394	2,606
Library:			
Personnel services	11,000	11,987	(987)
Supplies	10,000	9,569	431
Other services and charges	900	819	81
Total Library	21,900	22,375	(475)
<b>TOTAL RECREATION AND CULTURE</b>	<b>\$ 32,900</b>	<b>\$ 30,769</b>	<b>\$ 2,131</b>



**Richmond Township, Michigan**

MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>OTHER FUNCTIONS:</b>			
Payroll taxes	\$ 17,000	\$ 15,896	\$ 1,104
Insurance and bonds	60,000	33,865	26,135
Retirement and pensions	7,000	9,155	(2,155)
Professional services	9,000	-	9,000
Miscellaneous	79,195	5,143	74,052
<b>TOTAL OTHER FUNCTIONS</b>	<b>172,195</b>	<b>64,059</b>	<b>108,136</b>
<b>DEBT SERVICE:</b>			
Debt - Principal	-	-	-
Debt - Interest	-	-	-
<b>TOTAL DEBT SERVICE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Outlay:</b>			
General Government	-	-	-
Public Works	-	-	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>507,154</b>	<b>539,066</b>	<b>(31,912)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>75,617</b>	<b>75,617</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>75,617</b>	<b>75,617</b>
Fund balance, beginning of year	1,150,565	1,150,565	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 1,150,565</b>	<b>\$ 1,226,182</b>	<b>\$ 75,617</b>

**Richmond Township, Michigan**

MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
ROAD FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current property tax	\$ -	\$ 12,964	\$ 12,964
Specific ore tax	-	68,869	68,869
Commercial forest reverse tax	-	223	223
Delinquent property tax	-	1,268	1,268
Total Tax Revenue	-	83,324	83,324
Interest:			
Interest income - investments	-	880	880
Total Interest	-	880	880
Other Revenue:			
Other Revenue	-	-	-
Gain on sale of capital assets	-	-	-
Loan Proceeds	-	-	-
Total Other Revenue	-	-	-
<b>TOTAL REVENUES</b>	-	84,204	84,204
<b>EXPENDITURES:</b>			
Public Works:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Total Public Works	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	84,204	84,204
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>CHANGE IN FUND BALANCE</b>	-	84,204	84,204
Fund balance, beginning of year	79,392	79,392	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 79,392	\$ 163,596	\$ 84,204

**Richmond Township, Michigan**

MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2008

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Current property tax	\$ 6,280	\$ 18,712	\$ 12,432
Specific ore tax	57,220	99,391	42,171
Commercial forest reverse tax	-	322	322
Delinquent property tax	500	1,830	1,330
Total Tax Revenue	64,000	120,255	56,255
Interest:			
Interest income - investments	2,000	967	(1,033)
Total Interest	2,000	967	(1,033)
Other Revenue:			
Other Revenue	-	40	40
Gain on sale of capital assets	-	-	-
Loan Proceeds	-	-	-
Total Other Revenue	-	40	40
<b>TOTAL REVENUES</b>	<b>66,000</b>	<b>121,262</b>	<b>55,262</b>
<b>EXPENDITURES:</b>			
Public Safety:			
Personnel services	17,500	18,555	(1,055)
Supplies	15,000	9,981	5,019
Other services and charges	29,080	22,171	6,909
Total Public Safety	61,580	50,707	10,873
Debt Service:			
Debt - Principal	21,000	17,349	3,651
Debt - Interest	-	3,570	(3,570)
Total Debt Service	21,000	20,919	81
Capital Outlay:			
Capital Outlay	56,760	-	56,760
Total Capital Outlay	56,760	-	56,760
<b>TOTAL EXPENDITURES</b>	<b>139,340</b>	<b>71,626</b>	<b>67,714</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(73,340)</b>	<b>49,636</b>	<b>122,976</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(73,340)</b>	<b>49,636</b>	<b>122,976</b>
Fund balance, beginning of year	15,028	15,028	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ (58,312)</b>	<b>\$ 64,664</b>	<b>\$ 122,976</b>

**Richmond Township, Michigan**

**NON - MAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECT  
WATER & SEWER IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2008

	Actual GAAP Basis
<b>REVENUES:</b>	
Interest:	
Interest income - investments	1
Total Interest	1
<b>TOTAL REVENUES</b>	1
<b>EXPENDITURES:</b>	
Public Works:	
Personnel services	-
Supplies	-
Other services and charges	-
Total Public Works	-
<b>TOTAL EXPENDITURES</b>	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers In	1,000
Transfers (Out)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	1,000
<b>CHANGE IN FUND BALANCE</b>	1,001
Fund balance, beginning of year	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,001</u>

## Compliance Supplements



Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Marquette, Michigan 906-225-1166  
Fax – 1-906-225-1714

Partners

John W. Blemberg, CPA

Robert J. Downs, CPA, CVA

Daniel E. Bianchi, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Supervisor and Township Board of Trustees  
Township of Richmond, Michigan  
P.O. Box 35  
Palmer, Michigan 49871

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Richmond, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township of Richmond, Michigan's basis financial statements and have issued our report thereon dated August 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Richmond, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Richmond, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Richmond, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Richmond, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Richmond, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Richmond, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as items 08-01 and 08-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Richmond, Michigan's internal control.

To the Supervisor and Township Board of Trustees  
Township of Richmond, Michigan

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Richmond, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described as items 08-03, 08-04, and 08-05.

The Township of Richmond, Michigan's response to the findings identified in our audit is described in the accompanying Report to Management Letter. We did not audit the Township of Richmond, Michigan's responses and, accordingly, we express no opinions on them.

This report is intended solely for the information and use of management, the audit committee, Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 19, 2008



Anderson, Tackman & Company, PLC  
Certified Public Accountants  
Marquette, Michigan 906-225-1166  
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***Township of Richmond, Michigan***  
***Report to Management Letter***  
***For the Year Ended March 31, 2008***

To the Honorable Supervisor and Members of  
the Township Board of Trustees  
Township of Richmond, Michigan  
P.O. Box 35  
Palmer, MI 49871

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Richmond, Michigan as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Richmond, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Richmond, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Richmond, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

**08-01 – Segregation of Duties**

**Condition/Criteria:** The accounting staff of the Township of Richmond, Michigan is made up of a limited number of staff, which does not allow full segregation of duties.

**Effect:** Because of the limited staff, there is an increased chance that misstatements in financial statements would not be prevented or detected on a timely basis.



Honorable Supervisor and Members of the  
Township Board of Trustees  
Township of Richmond, Michigan

**Cause of Condition:** The size of the organization's accounting staff precludes certain internal design controls that would be preferred if the office staffs were large enough to provide optimum segregation of duties.

**Recommendation:** Smaller organizations, due to limited resources, are generally more sensitive to the cost of implementing these design controls and often have compensating controls to partially mitigate this deficiency.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Rita Laiho, Clerk
- Corrective Action Planned:
  - The Township Board of Trustees closely monitors all payments and reviews the financial statements on a monthly basis.

**08-02 – Financial Reporting Cycle**

**Condition/Criteria:** The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with the generally accepted accounting principles of reporting.

**Effect:** The lack of a full set of financial statements, including a balance sheet and statement of revenues and expenditures, results in the Board of Trustees' inability to determine the funds' financial positions.

**Cause of Condition:** Failure to include a full set of financial statements in the financial reporting package as presented to the Board of Trustees.

**Recommendation:** The Township should expand the financial reporting package as presented to the Board of Trustees to include the balances sheets and statements of revenue and expenditures to conform to current reporting standards. We also suggest any significant monthly and year end cut-off adjusting entries be incorporated into the financial statements in order to present a clearer picture of the various funds of the Township. The Board of Trustees should document review of the financial affairs in the minutes of the meeting as well as other financial events.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Rita Laiho, Clerk
- Corrective Action Planned:
  - The full set of financial statements will be included as part of the financial reporting package as presented to the Board of Trustees and the Board of Trustees will document this review of the financial affairs in the minutes of the meeting as well as other financial events.
- Anticipated Completion Date:
  - March 31, 2009

Honorable Supervisor and Members of the  
Township Board of Trustees  
Township of Richmond, Michigan

### **INSTANCES OF NON-COMPLIANCE**

#### **08-03 – Fund Balance Deficit (REPEATED)**

**Condition/Criteria:** Unrestricted Net Assets in the Wastewater Fund had a deficit balance of \$109,645 as of March 31, 2008.

**Effect:** Public Act 275 of 1980 requires that all deficits in any fund balances of local units be disclosed and enumerated upon in the footnotes to the financial statements. In accordance with the Act, a corrective action plan for the deficit is required to be filed with the State Treasurer within 90 days of the end of the fiscal year.

**Cause of Condition:** Charges for wastewater services does not cover the cost of operations and depreciation.

**Recommendation:** We suggest the township file a corrective action plan with the State Treasurer and the Township of Richmond, Michigan monitor the fund more closely in future years to ensure there are sufficient revenues to cover the expenditures each year.

#### **Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Rita Laiho, Clerk
- Corrective Action Planned:
  - The Township is planning on filing a corrective action plan with the State Treasurer.
- Anticipated Completion Date:
  - March 31, 2009

#### **08-04 – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621) (REPEATED)**

**Condition/Criteria:** Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township of Richmond, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2008, the Township of Richmond, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

**Effect:** The Township of Richmond, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to amend the budgets during the year based on the level of expenditures.

**Recommendation:** The Township of Richmond, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

#### **Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Rita Laiho, Clerk
- Corrective Action Planned:
  - The budget will be more closely monitored and budget amendments will be made accordingly.

Honorable Supervisor and Members of the  
Township Board of Trustees  
Township of Richmond, Michigan

- Anticipated Completion Date:
  - March 31, 2009

**08-05 – UNIFORM BUDGETING AND ACCOUNTING ACT (PA2)**

**Condition/Criteria:** Public Act 2 of 1968 provides the minimum information requirements to be established for a local unit of government's adopted budget for the General Fund and Special Revenue Funds, which includes an estimate of expected beginning surplus or deficit; estimate of required expenditures; estimate of revenues by revenue source; estimate of amounts needed for deficiency; estimate for contingent or emergency purposes; and an estimate of expected ending surplus or deficit. For the year ended March 31, 2008, the Township of Richmond, Michigan failed to adopt a budget for the Road Fund, a Special Revenue Fund.

**Effect:** The Township of Richmond, Michigan is not in compliance with State Law.

**Cause of Condition:** Failure to adopt the budget as prescribed by the State of Michigan.

**Recommendation:** The Township of Richmond, Michigan should adopt a budget for all required funds.

**Management Response – Corrective Action Plan:**

- Contact Person(s) Responsible for Correction:
  - Rita Laiho, Clerk
- Corrective Action Planned:
  - Budgets will be adopted for all required funds.
- Anticipated Completion Date:
  - March 31, 2009

This communication is intended solely for the information and use of the management, audit committee, Township of Richmond, Michigan Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Richmond, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 19, 2008